



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2647 (1922)

September 17, 1992

SUBJECT: Clarification of FmHA Instruction 1922-A and Off-the-Shelf Appraisal Software

TO: State Directors

PURPOSE/INTENDED OUTCOME:

The purpose of this AN is to provide clarification to FmHA Instruction 1922-A relating to: (1) the term Designated Appraisers, (2) the term transition period, (3) FIRREA date of December 31, 1992, and (4) address the needs for known off-the-shelf appraisal software.

COMPARISON WITH PREVIOUS AN:

There are no previous ANs on this subject.

IMPLEMENTATION RESPONSIBILITIES:

(1) Designated Appraisers.

Recently, we have learned that there will be a reduction in the amount of contract money available for FY 1993. This will have a real impact on the establishment of full-time appraisal staffs in the State. Many State appraisal staff members have voiced their concerns and have proposed plans of implementation which we believe create the appearance of a conflict of interest. Office of Management and Budget Bulletin A-129 clearly states that Agencies must include safeguards in its Instructions which will avoid conflicts of interest. Approval of State plans which will require that County Supervisors or Assistant County Supervisors be designated appraisers and receive the educational hours as set out in Exhibit B and C would violate the conflict of interest safeguard. In addition, the funds needed to meet the education requirements as set out in these Exhibits may not be available.

It is intended that during the transition period, designated appraisers may use the services of County Supervisors or Assistant County Supervisors as appraisers for single family housing and Farmer Programs loans, when needed. These individuals (transitional real estate appraisers) do not have

EXPIRATION DATE:
September 30, 1993

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1922-A



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to meet the 165 hours plus 25 hours of review training requirements, as set out in Exhibit B and C of FmHA Instruction 1922-A. However, to safeguard against conflict of interest problems, State Directors must implement directives that would not allow the transitional real estate appraiser to develop, approve or disapprove the FmHA loan or transaction for properties which he/she appraised. Exceptions can be given in offices that have only one approval official. In these offices, the transitional real estate appraiser may appraise the property and develop the loan or transaction, but not approve it.

(2) Transition Period.

The appraisals completed after December 31, 1992, by County Supervisors or Assistant County Supervisors, however, must be completed to meet Uniform Standards of Professional Appraisal Practice (USPAP). We believe that present FmHA Instructions 422.1 and 1922-C do meet USPAP standards; however, previous year's sale of subject property and limiting conditions with certification statement must be completed for single family housing appraisals. If you are using County Supervisors or Assistant County Supervisors as appraisers, you must provide them with the necessary information to be in compliance with USPAP. We also believe that FmHA can withstand the interim conflict of interest criticism during the transition period because of reorganizations and reductions in FTEs and contracting funds. The transition period is defined as the 3-year period from the date the new designated appraiser/reviewer employees (GM-1171, GS-301, etc.) take to successfully complete the core course curriculum and obtain their appraisal certifications as set out in Paragraph 4 of Exhibit B to FmHA Instruction 1922-A.

(3) FIRREA.

Section 1922.5 (a) states in part that all FmHA contract real property appraisers and appraisers for FmHA Guaranteed Real Property loans are to meet the FIRREA licensing/certification requirements when implemented by the State in which the real property is located as set out in Exhibit A. This means that on January 1, 1993, ALL FmHA contract appraisers must either be State Certified General or Residential or Licensed as set out in Exhibit A. It also means that for all Guaranteed real estate loans approved after January 1, 1993, appraisers must meet State Certified General requirements for farm real estate (FmHA Instruction 1980-B) or commercial real estate. Appraisers must be State Certified Residential or Licensed for Single Family real estate.

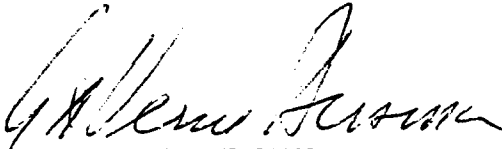
(4) Off-the-Shelf Appraisal Software.

In addition, we have had many questions concerning the purchase of off-the-shelf appraisal software. National Office

Officials will soon be evaluating the requirements for off-the-shelf demonstration packages. If you have any demos on hand, which you feel will possibly meet FmHA appraisal and review needs, please send them before September 25, 1992, to: Ronald Thelen, South Agriculture Building, Room 4918, 14th and Independence Ave SW, Washington, DC, 20250.

Should you have any questions concerning this AN, please contact Ronald Thelen on 720-0830.

ANY REVISIONS OR MODIFICATIONS TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS OR HOUSING BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.



LA VERNE AUSMAN
Administrator

Sent by Telemail to States at 2:50 p on 9/18/92; by GSS. State Directors should notify appropriate personnel.